

# CONVERGENCE BETWEEN THE STRATEGIC LEVEL PLANNING AND EXECUTION OF BUSINESS (CORPORATE) AND MILITARY ACTIVITIES ESPECIALLY AIR CAMPAIGNING

*Gabriella Gönczi, Zoltán Krajnc*

## **Abstract**

The authors summarized of the some elements of the potential convergence between the strategic planning of business and military life especially air campaigning. This article describes the basics of strategies of business world especially at corporate level and basics of planning at strategic level of air campaign (operations) and some questions of adaptation of military methods to creation of business (corporate) strategy.

*Key words: Planning, military activities.*

## **INTRODUCTION**

According to the presupposition of our research the military and the civil (business, political) strategy creation (strategic planning) and its culture (methods, procedures, means, supporting IT-infrastructure, etc.) is in a continuous interaction with each other. This fact proves that the military metaphors appear in the business life with an increasingly bigger emphasis. The big thinkers of the art of war are often referred in so-called “*management forums*” and in business (managerial-decision making) trainings as literature.

The teachings, the main ideas (main principles) of Sun-Tzu, Seneca, Napoleon, Clausewitz and Helmut von Moltke already turned into a curriculum in the business trainings.

In a present article we undertake to present some military solutions applied in the course of the operational planning (world wars, Gulf War) and its application already appeared in the business life or its appearance shortly expected.

## **1 BASICS OF STRATEGIES OF BUSINESS WORLD ESPECIALLY**

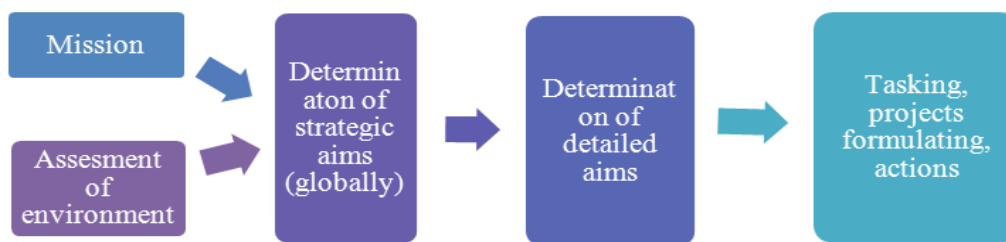
The so-called strategic thinking appeared in the business life after the World War II. Only the companies could be dominate in a strong business competition which had exactly definite goals.

These companies laid a big emphasis on the harmonizing of the steps supporting the fulfilment of the goals and the optimal allocation of their resources. The oil crisis

of the seventy years<sup>224</sup>, the appearance of newer and newer market players and the continually accelerating changes brought new in the forming of the corporate strategic goals.

The companies had to build up a new strategic planning system, which took the changed market processes and the changes of the environment into consideration equally. It was naturally necessary to define the designation of the corporate aims in parallel with the steps leading to the aims, means, resources and efforts as well.

*“The corporate strategy so the mean (method) of adapting to the environment, which lays the foundations for the company's function thereby, that defines the company's vision and sets the course on which the vision is available.” [Gönczi, 2001, 21 p]*



Picture 1 - The process of the corporate strategic planning

Source: Own source

The strategy was definite many times by many authors with lot of approaches. For example an analogous interpretation with ours definition is Balaton Károly's notion *“the strategy is the totality of the aims concerning the company's future, the method of adaptation to the environment and the means of the aim achievement.”*

According to Chikhan Attila: *“The strategy is the guideline of the corporate function and it formulates the corporate aims and the possible methods of their achievement.”* [Chikhan, 1995]

Barakonyi Károly's notion rather lays the emphasis on the process of the strategic planning. The strategy creation is the determination of alternative solutions leading to particular aims and their assessment, and the selection of suitable alternative and detailed determination. The strategy is approached by others from the marketing viewpoint.

*“The corporate strategy the company's products and his services, and they markets integrates it into himself, on which the company competes.”* The company has to aim for the development of differential competitive advantage on all of his range of operation. [Thompson, 1997].

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<sup>224</sup> The 1973's oil price explosion rearranged the economic life. After it only to the rudely changed circumstances adequately adapting market players may have survived. In connection with the present economic and financial crisis likewise verifiable, that the firms adapting himself well similarly may get out victoriously only (less injured) from this situation. This increases the numberless analogy of the war and the market likewise.

The definition of Heinz Dieter Jopp (*Führungs Akademie der Bundeswehr, Head of the Security Policy and Strategy Department*): “A good strategy integrates means, time, space and procedures according to the central guiding principle, what will be the efficient plan of the success.”<sup>225</sup>

The strategy is the basis of the companies' successful operation. It affords the opportunity to the company's activities will be harmonized, planned, aim oriented even in an unclear turbulently changing environment. We have not to think of a written (printed, with numbers full) document. The strategy may be only an idea existing in a head, which the leaders develop after careful weighing, and it is converted into the level of the daily decisions.

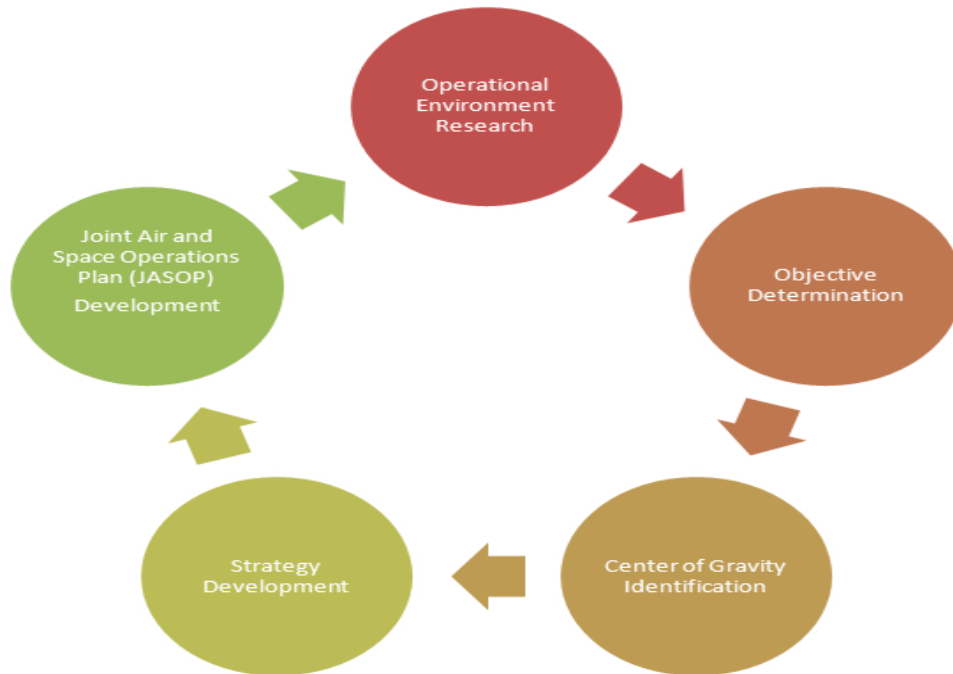
What are the viewpoints through which it is necessary to think in the course of the forming of the strategy? Seneca already emphasized three things in connection with the plan making in his time: *What do I want? What can I do? What do I do?* We mean that in the strategy making process firstly it is necessary to think about the capital aims for the company. It may be the turn of the development of the actual steps, action programs in the knowledge of this in the third phase. The today's often used strategic planning models practically also formulate it.

The planning process always has to set out from the corporate's mission.<sup>226</sup> The next step is assessment of exterior environment (political, legal, macroeconomics, cultural-sociological, technological environment, industrial branch situation, etc.). These factors have influence onto the company's strategic aims.

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<sup>225</sup> Manager Magazin 2006/1. Ezeréves receptek [online], ©2012, [cit. 12-02-15], Available at <http://www.managermagazin.hu/magazin.php?page=article&id=931>; 2009. március 08.

<sup>226</sup> „The mission that aim, what the founders formulated in front of the undertaking, it is the reason of the undertaking's existence.” to say it a priori existing category, which we have to recognise, and we have to make it our own. The following it is necessary to rewrite it at the time of the process of the strategic planning.



Picture 2 - The Air Campaign Planning Process

Source: Air Campaign Planning Handbook, Warfare Studies Institute, 2000

It is necessary to continue the environment analysis with the accurate and real survey of the undertaking's inner conditions. (to recognise those abilities, which is necessary for the base of the strategy) The next phase is the designation of the strategic aims. The vision is formulated first: the major leadership imagines it and formulates that future situation, where would like it, if the firm would get onto the end of the planning time horizon. After it the planners formulate those expectations that the company gets into the target state in case of his fulfilment.

It is necessary to break down the strategic aims into all of the areas of the corporate function. on the level of the divisions or business units (*business strategy, strategic business unit*) and the functional organizational apparatus (*functional strategy*), occurs the concrete action programs (tactics level) and the development of actions (basis of operative execution).

Strategies exist inside more levels on the organization. The organizational strategy is relevant all of the company, it is long distance sounding strategy (*Where is the company it in the business life?*). The business strategies determine how the strategic business units should compete in the given branch. The functional strategies are attached to one function of the corporate activities for example production, human resources, marketing activities as well.

## 2 BASICS OF PLANNING AT STRATEGIC LEVEL OF AIR CAMPAIGN (OPERATIONS)

According to the most researchers and active military strategic planners' point of view to the success of the modern war are not enough efforts of the armed forces (joint approach). It is necessary to complement it with the so-called interagency activities exceeding the armed forces. The harmonized and integrated efforts of the full government are necessary. According to an old recognition *the nations (coalitions) win the war not the narrowly interpreted armed forces*.

Each single actor works according to a coordinated strategies however these actors take action with own part strategies. The nations apply their air forces based on a strategy like this in the interest of the achievement of the determined wartime sub-aims. The planning level of the aerial warfare is determined by the greatness of targeted military (political) goals (significance, extension) as well as the applicable operational form (air campaigns, major operations, operations, battles, engagements, etc.). The strategic planning of the air force's employment on the level of the aerial campaigns can be interpreted. This opinion does not contradict to the traditional interpretation of the theory of war levels. It can be interpreted that the campaign such as the series of the concerted operations constitutes the part of the theatre of war strategy.

We may get with the analysis of capital questions of aerial campaign planning (air campaigning) to the planning at strategic level of the aerial warfare. The air campaign planning process has five phases.

They are:

- operational environment research;
- objective determination;
- center of gravity identification;
- strategy development;
- join air and space operations plan development.

The model of the companies' system of strategic planning is made up of four phases: the market and inner environment analysis, the designation of the capital aims and part aims, development of actual measures (operational plans). We consider it a substantive difference, that the weighting of the selected aims (ranking) does not receive significance size in the business life (not an independent planning phase). This would be more important because increasingly fewer resources stand for a provision at the organisations' majority according to our judgement to the realisation of all of the designated aims.

In this case what the advantageous is:

- based on the realisation of the aims after each other with a some kind of hierarchy (prioritisation);
- the reduction of the number of the aims likewise based on a some kind of principle or weighting.

In this phase moreover in the others also the practice of the operational planning may provide help for the corporate planners.

### 3 ADAPTATION OF MILITARY METHODS TO CREATION OF BUSINESS (CORPORATE) STRATEGY

#### 3.1 The environment research

The aim of the environment research is to understand the environment the world surrounding the company (the narrower and the wider environment and the macro- and microeconomics level trends affected on the activities of company).

If the company knows the main actors of his environment and the actor of the competition going on on the market, it can adapt to this environment and knows what kind of market position how entails benefits and disadvantages.

To the understanding of the market competition the military analogies can provide very big help according to our opinion. We examine two competitors for the simplicity. (two nations or two companies, etc.) We mention to the actors as peers in both cases.

##### **First case<sup>227</sup>**

Both participants can attack the strategic centres of gravity of adversary. The two actors are called equal peers in the modern warfare (like the two superpowers: Soviet Union and United States of America on the time of the cold war, North and South on the time of the American Civil War, the Coca-Cola and the Pepsi Cola on the market of the soft drinks). Generally the warfare lasts until long time for both sides with tall expenses. if one of the peers has an opportunity for a fast, parallel attack it may produce a benefit while the other half does the counteraction on a short distance.

##### **Second case**

One of the actors can attack the adversaries' strategic centres of gravity while the others are not able to attack him (not able to effect serious losses) It was United States of America in this situation for example under the World War two, their enemies may not have made a lot, it tried to be protected concerning their own area to arise or to disturb the allied transports. Microsoft obtained a similar position in the business world, can work in such a way that their own area is almost inviolable. Although this almost invulnerable is not constant, the firm has to observe and analyse continuously the environment and what jeopardizes this situation.

##### **Third case**

It is interesting military history example onto the situation of Iraq in the 1991 Gulf War. Got into a position outlined in the first case when Iraq attacked Kuwait, it was equal with his neighbours; nobody launched an attack against it.

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<sup>227</sup> WARDEN, JOHN III., *Strategic Thinking and Planning: A Concept Summary of Strategy and the Prometheus Process*, 2008,

When the United States entered into the war position Iraq got weak and it found himself in a fragile situation. The USA was able to attack all strategic centres of gravity while Iraq may have made nothing. Those actors may survive this situation in the business's world who gives up the fight and they are going to an open space of competition.

#### **Fourth case**

In this situation all of the actors work at tactical level any without strategic directions or ideas. Practically it is almost position war between the competitors beside tall expenses and low results. Military history example onto this situation the role of the United States in the Korean war, where the China and the USA did not attack mutually each other's strategic centres of gravity. The retail shops compete in this situation in the business life. to survive this situation the actors have to be accomplished the entire fundamental qualitative and aesthetic conditions, the centre of the competition is the price at tactical level.

**Table 1 - John Warden Prometheus Process**

<b>Sample Centers of Gravity</b>	<b>Desired Effect</b>	<b>Measure of Merit</b>	<b>Time Frame</b>
Saddam Hussein	ineffective leadership during the war	physically gone, no evidence of rationale response	first 24 hours of war
Electrical System	little or no electricity available around country	lights out in Baghdad (and other major cities)	first hour of war for Baghdad area; 3-5 days for rest
Roads and Bridges	surface mobility made difficult	insufficient supplies reaching deployed iraqi forces	first week with results clear in three weeks
Military Officers	officers separated from Saddam	defections, unit surrenders, rebellions	during the course of the war
Air Defense	unable to Interfere with US Air Operations	few or no US Air Losses	first twelve hours

### **3.2 The selection of the vision and the strategic goals**

The organization may undertake to formulate a vision for himself after the survey of the environment and the accurate forecast of a future state. The planners or owners imagine that situation or a state what the organization wants to attain. But this state is not stable, it changes because of the forming elements of the system often change. When the organization works well and aim oriented if it is able to influence the environment (all elements of the system) in order to a favourable vision should be created for the company.

According to Warden's judgment is the key of the influence of the exterior and inner environmental system the centres of gravity of the system: the central elements of the system with a high value. The changing of the strategic centres of gravity has bigger effect the whole

system than changing of any other elements. They have serious effectiveness inside the system.

But what are they the centres of gravity? According to Warden model all systems has five circle (sub system). In the centre of the system is the leadership (that shows a direction for the system), the next ring is the processes (provided work of system). The third ring is the infrastructure (keeps the systems in one. The people form the next ring (the members of the system) and the exterior ring is the action level of units (tasked with the protection of the system and restoration if it necessary). It is possible to achieve a really big effect with the selection (attacking) of the inner circles because of changes of inner elements are spreading on the whole system.

Marking the exterior circles as targets from two reasons is no too lucky because of too many objects existing there. This requires serious offensive energies on the other hand the results of the attack relatively easily can be restored and does not spread inwards moreover, that is the consequence will be smaller presumably.

How it may work five ring model in the world of the warfare? The alteration of an Iraqi system was the USA's aim in the 1991 Gulf War. The desired system effects were: out from Kuwait, working inner order, not ability to attack against his neighbours, ability to protect himself. In the interest of the modification of the system the allied military forces attacked the Iraqi targets according to the Table 1.

How it may work five ring model in the business world? Firstly reminds us of the fact that we are always working with a system (country, market, company, etc.). Secondly the model shows the relative value of the elements of the system. For example if we wish to put a brand-new product on the market and an unknown person buys the first piece, the direct income from sales will be the effect of the shopping only. The first selling will generate more additional selling presumably if a famous sportsman or an actor buy anything however, than in the first buying.

### **3.3 The strategic measurement system**

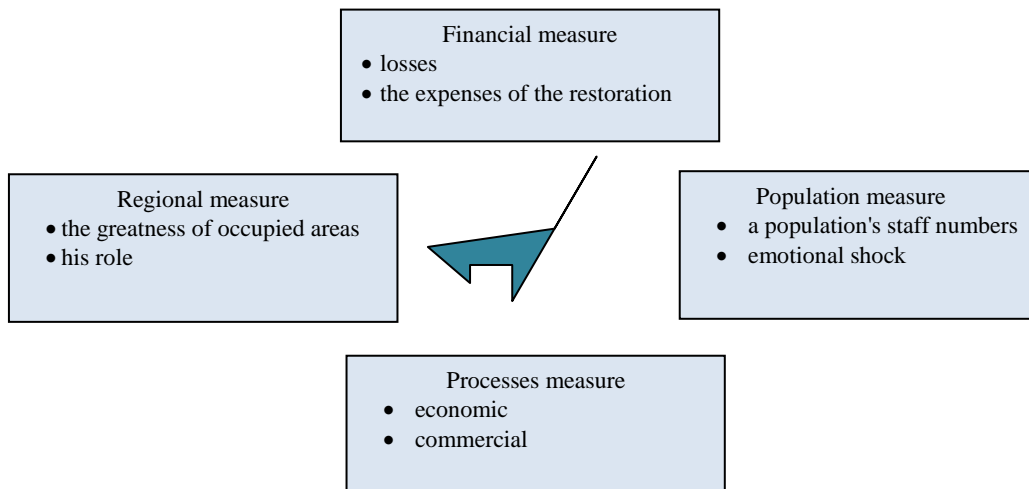
The aim of the definition of the strategic indices is that the strategy should make measurable the successfulness of his achievement. There is need for such measures which on the one hand characterize the all importance strategic areas and on the other hand it can be connected to the level of the tactical measures.

These measures characterize that how to help (directly or indirectly) our comprehensive strategic steps. Strategic steps are linked to the vision, for example achieving the victory or the increase of the corporate value in a war in a period. Tactical steps are linked to the organisation's actual activities. The tactical steps lead to strategic success in an ideal case, the contrary of this may follow however in a worst case. For example the Germans believed it in the World War II. that they won when they faced Moscow and the considerable area of Soviet Union was already occupied.



In fact the occupation of these areas (occupation) had an illusive measure of the success because of the Soviet government's centres of gravities were not attained. The supply providing through the occupied areas became increasingly heavier and consumed increasingly more energy. The capital measure of the strategic success may be the achievement of the peace, which is not the same the number of winner battles.

For example in the Vietnamese war the North Vietnamese's all battles were almost lost against the USA, but the peace for which they fought was finally achieved after all. In as much the absolute measure of the strategic success the achievement of the peace, then such strategic indicators may belong to this like situation of the diplomatic, commercial and



Picture 3 - Strategic indicator number system

*Source:* Own source

tourism contacts between the war-faring sides, the infrastructural state of the operational area and the hinterlands and the mental state of the population. The absolute measure of the success may be the increase of the company's value in the business life.

In Robert Kaplan's and David Norton's balanced strategic balanced scorecard system [Kaplan-Norton, 1998.] measures must have been definite at least on the following four areas: customer viewpoint (for ex.: market share, market increase, customer satisfaction), inner processes viewpoint (for ex.: product, substance and information flow, breakdowns), learning development viewpoint (for ex.: innovations the development of his number, employees, his commitment) and financial viewpoint (for ex.: profit, share price).

Interesting and its examination may be instructive, that the balanced strategic measurement system presented before (balanced scorecard) how applicable in the world of the warfare. According to our opinion it is applicable. The customer viewpoint can be interpreted may be as a regional viewpoint, it is necessary to examine whether the own forces managed to occupy, or to keep the area and how the infrastructural state of this area.

The viewpoint of the inner processes can be mapped for the restarting political (government, law and order) and economic life (production, industry, services, trade). The viewpoint of the

learning and development may be the mental and moral state of the decision makers of the combatant forces and the population, moreover changes of them. The financial viewpoint may be the measure of the actual physical damage (buildings, cities, industrial and commercial facilities, infrastructure as well).

## CONCLUSIONS

From first approach it's difficult to understand how the strategic air attacks could be attached to the business life. to this we have to accept two central considerations from John Warden: "... *We must change systems (markets, companies) and we keep them changed if we want sustained success, to change a system, we focus energy against the system's Centers of Gravity.*" 228 In the world of the war the energy is negative, it is usually attached to some kind of destruction. While we convey positive energy in the business life (products, ideas, advertisement, telephonic selling, and money as well) in order to we want increase the energy of the market that we would like to modify it according to our own requirements.

The reward got for a reduction for the enemy's energy in the war the achievement of our strategic aims. There is need for this in order that the enemy does not represent real danger to us. In the business life the reward is the profit, the appreciation, and bigger appreciation from the market's part for our efforts in it.

Our final and short conclusion: they are considerable analogies between the war and the business, but let us do not want to make use of them without any changes, there is need for thorough adaption before it.

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